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## State of Idaho Legislative Services Office

### DEPARTMENT OF HEALTH AND WELFARE MANAGEMENT REPORT 90-DAY FOLLOW-UP FISCAL YEARS 2011 AND 2012

Date Issued: January 12, 2015

On October 25, 2013, the Legislative Services Office released a management report for the Department of Health and Welfare (Department) for the fiscal years 2011 and 2012. The Department was contacted during fiscal year 2015, and this report addresses how it has responded to the two findings and recommendations in the report.

#### **FINDING 1**

Over the two-year period, three programs within the Division of Public Health exceeded appropriate amounts by approximately \$67,000.

**We recommended that the Department strengthen internal controls over the processes used to account for spending and used to report compliance with legislative appropriation.**

#### **AUDIT FOLLOW-UP**

During fiscal year 2014, the Department implemented new procedures that include inputting, into Navision, the detailed information for legislative appropriation transfers completed. The Department uses a batch release log to track transactions completed outside of Navision; for example, those entered directly into the Financial Information System with Cost Allocation (FISCAL) or the Statewide Accounting and Reporting System (STARS). Management has verbally expressed to relevant staff members the importance of ensuring the fund detail information is recorded on the batch release log.

In addition, the Department implemented procedures to periodically reconcile expenditure amounts and legislative appropriation balances in FISCAL and STARS by budget unit, fund, and object code.

We did not identify any instances of spending in excess of legislative appropriation for the Division of Public Health for fiscal year 2014. In addition, we reviewed selected reconciliations and noted they were completed timely. While non-compliance was not identified, the information is not easily accessible and is difficult to review, limiting the transparency of the Department's spending.

**STATUS – CLOSED**

## **FINDING 2**

Transfers of legislative appropriation between expenditure categories intended to ensure compliance lacked proper approvals.

**We recommended that the Department design and implement appropriate internal controls to ensure compliance with appropriation bills and statutes. We further recommended that the Department maintain detailed supporting documentation for all transactions recorded on the DU 2.00 report.**

## **AUDIT FOLLOW-UP**

The Department began recording transfers of legislative appropriation that do not impact multiple budget units, typically by inputting the transactions into Navision, which includes fund detail. Navision interfaces with FISCAL, which interfaces with STARS. Although the fund detail is not visible in FISCAL or STARS, the information is maintained in Navision. The Department continues to also maintain a batch release log, and management has stressed to relevant staff the importance of documenting the fund details impacted on this log, particularly for transactions that are not entered in Navision. The information in Navision and on the batch detail log support the amounts reported as transfers on DU 2.00 report. There may be occasions when further transfers are needed after the fiscal records have closed. The Department has indicated that these transfers will be identified separately on the DU 2.00 report to bring to the attention of the Division of Financial Management (DFM) and the Office of the State Controller (SCO) that these transfers were not previously approved and they will be approved through the DU 2.00 approval process.

In addition, the Department worked with the SCO to ensure procedures related to transfers of legislative appropriation were updated and followed. During fiscal year 2014, the Board of Examiners updated the procedures for object code and program transfers and delegated approval authority to the SCO, which is in combination with the DFM approval.

We reviewed a sample of legislative appropriation transfers and noted that the appropriate approvals from the DFM and the SCO were present and that each transfer complied with appropriation bills and applicable statutes.

## **STATUS – CLOSED**